



**AWARENESS OF MANUFACTURING SECTOR
TOWARDS ENVIRONMENT IMPAIRMENT LIABILITY
(EIL) INSURANCE POLICY**

NORRAFILA BINTI RAMLI

2007282554

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) INSURANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA MELAKA**

APRIL 2010

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) INSURANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
MELAKA**

“DECLARATION OF ORIGINAL WORK”

I, Norrafila Binti Ramli, (I/C Number: 880420-02-5502)

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature:_____

Date:_____

LETTER OF SUBMISSION

30th April 2010

The Head of Program
Bachelor of Business Administration (Hons) Insurance
Faculty of Business Management
Universiti Teknologi MARA
75300 Melaka.

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "AWARENESS OF MANUFACTURING SECTOR TOWARDS ENVIRONMENT IMPAIRMENT LIABILITY (EIL) INSURANCE POLICY" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you

Yours sincerely

NORRAFILA BINTI RAMLI

2007282554

Bachelor of Business Administration (Hons) Insurance.

TABLE OF CONTENTS	PAGE
ACKNOWLEDGEMENT	iv
LIST OF TABLES	v
LIST OF FIGURES	vii
ABSTRACT	viii
CHAPTERS	
1. INTRODUCTION	1
1.1 Background	4
1.2 Problem statement	13
1.3 Research questions	14
1.4 Objectives	14
1.5 Scope of study	15
1.6 Significance of study	15
1.7 Limitations	16
1.8 Definition of terms	17
2. LITERATURE REVIEW	
2.1 Introduction	18
2.2 Consultation by professional intermediaries	18
2.2.1 Duties of intermediaries	18
2.2.2 Roles of intermediaries in advising their clients towards Environment Impairment (EIL) insurance policy	20
2.3 The need of International Organization of Standardization (ISO) requirement	23
2.3.1 Obtaining ISO certificate through Environment Impairment Liability (EIL) insurance policy	23
2.4 Compliance against environmental regulation	28
2.4.1 Reduce cost due to environmental regulation	28
2.4.2 Organizing mandatory Environment Impairment Liability (EIL) insurance	31
2.4.3 Implementing mandatory Environment Impairment Liability (EIL) insurance policy	34
2.5 Theoretical framework	37
3. RESEARCH METHODOLOGY	
3.1 Introduction	38
3.2 Research design	38
3.3 Research population	39
3.4 Sampling	40
3.5 Data collection method	40
3.5.1 Primary data	40
3.5.2 Interview	41
3.5.3 Questionnaire	41
3.5.4 Secondary data	41
3.5.5 External sources	41
3.5.6 Books	42

ABSTRACT

The purpose of this research is to study on the awareness of manufacturing sector towards Environment Impairment Liability (EIL) insurance policy. Environment Impairment Liability insurance or EIL is one of the policy that covered liability of the policyholder against environmental risk which is excluded from general liability policy. Factors to be considered in this research are consultation by intermediaries, the need of ISO requirements and also environmental regulations compliance. Therefore, the objectives of the study described in this research were to determine the most significant factor that contribute to the awareness of manufacturing sector towards EIL insurance policy and to identify the way of these factors influence the awareness of manufacturing sector towards EIL insurance policy. This research is conducted by using non-probability sampling and the sample size are 30 respondents which are selected members under Federation of Malaysian Manufacturers (FMM). Based on the finding that conducted from this study the most significant factor that contributes to the awareness was consultation by intermediaries. Most of the respondents aware towards this type of insurance policy since it was promoted and advised by the insurance intermediaries. In conclusion, all objectives have successfully been met. Some recommendations have been suggested in order to improve the awareness of manufacturing sector towards this type of insurance policy.